



# WASHOE COUNTY

"Dedicated To Excellence in Public Service"

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CM/ACM \_\_\_\_\_

Budget \_\_\_\_\_

DA n/a

Comptroller n/a

HR n/a

Other n/a

## STAFF REPORT

BOARD MEETING DATE: April 28, 2015

**DATE:** April 15, 2015

**TO:** Board of County Commissioners

**FROM:** Paul McArthur, Comptroller  
328-2563, pmcarthur@washoecounty.us

**THROUGH:** Joey Orduna Hastings, Assistant County Manager  
328-2000, jhastings@washoecounty.us

**SUBJECT:** **Acknowledge Receipt of the Interim Financial Report for Washoe County Governmental Funds for the nine months Ended March, 31 2015 - Unaudited (All Commission Districts)**

### SUMMARY

The attached report is submitted to provide information regarding the County's financial operations by reviewing activity for governmental funds, excluding component units, for the nine months ended March 31, 2015. Financial activity for the General Fund is also provided.

**Strategic Objective supported by this item:** Sustainability of our financial, social and natural resources.

### PREVIOUS ACTION

Unaudited interim financial reports are provided to the Board quarterly, in addition to the audited comprehensive annual financial report for the fiscal year ending June 30.

### BACKGROUND

Governmental Funds include the General Fund, which is the County's primary operating fund and accounts for resources and operations that are not required to be accounted for in other funds due to restrictions on funding sources or activities imposed by legal, policy or reporting conventions, twelve special revenue funds, two debt service funds and five capital projects funds. Significant variances between the years are discussed, as are budget to actual variances.

### FISCAL IMPACT

There is no fiscal impact in acknowledging receipt of the report of the County's current financial position.

### RECOMMENDATION

It is recommended that the Board of County Commissioners acknowledge receipt of the Interim Financial Report for Washoe County Governmental Funds for the nine months ended March 31, 2015 - Unaudited.

### POSSIBLE MOTION

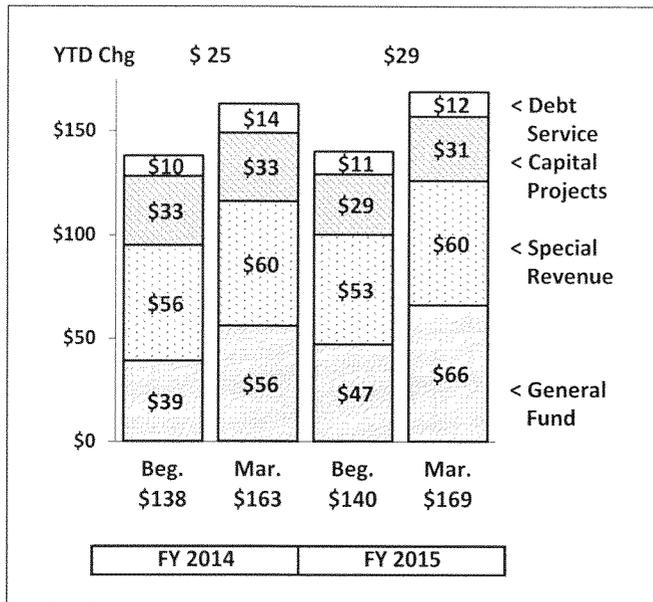
Should the Board agree with staff's recommendation, a possible motion would be to "move to acknowledge receipt of the Interim Financial Report for Washoe County Governmental Funds for the nine months Ended March 31, 2015 – Unaudited."

# Washoe County Governmental Funds – Fiscal Year 2014/2015

Interim Financial Report for the Nine Months Ended March 31, 2015 - Unaudited

All \$ in millions unless otherwise noted.

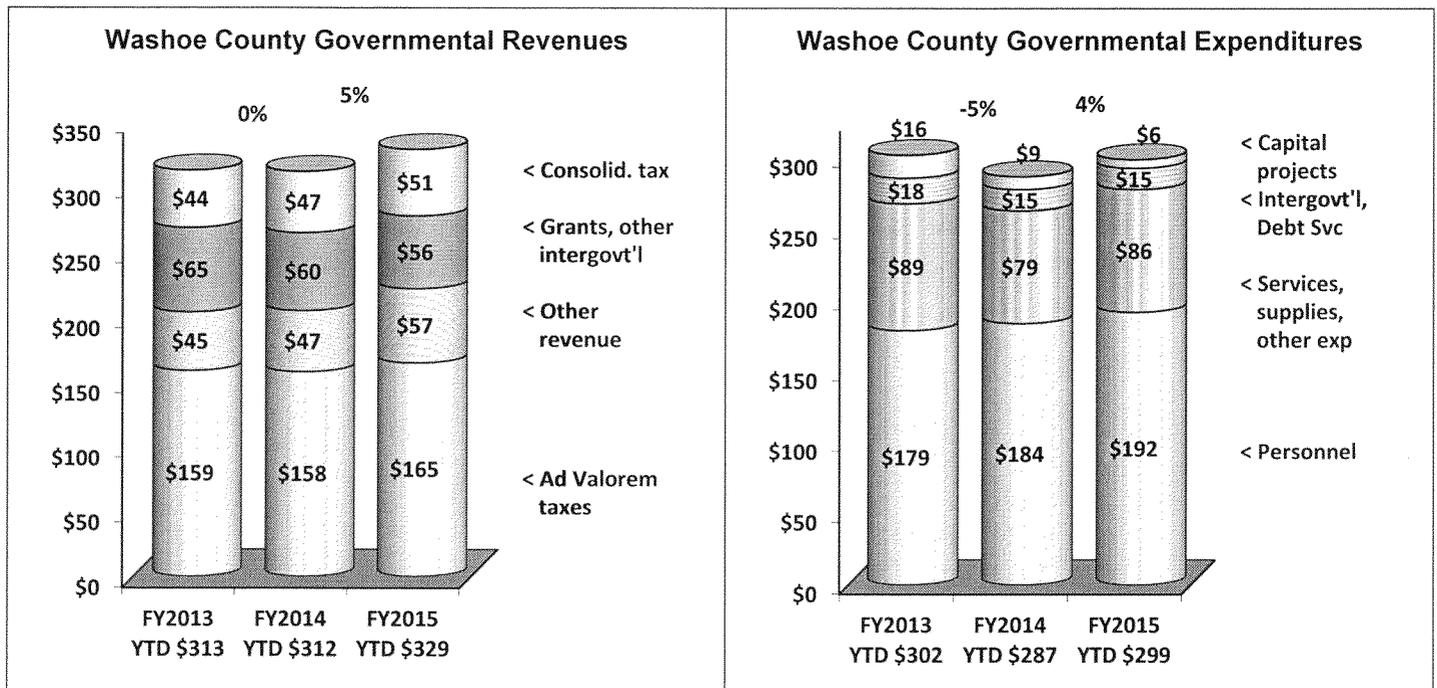
## GOVERNMENTAL FUND BALANCE



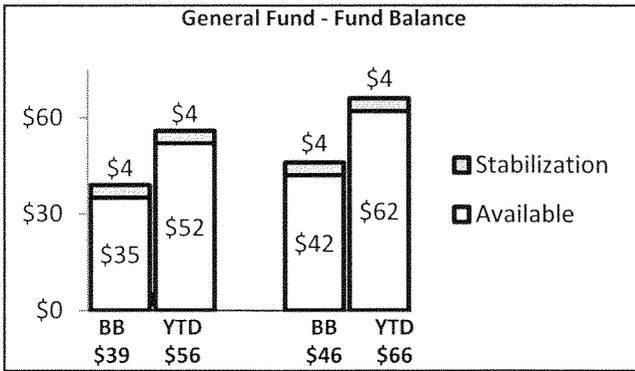
- **Total Governmental Fund Balances** increased \$29 million year-to-date and \$6 million year over year.
- **Special Revenue Funds** increased \$7 million year-to-date year due primarily to a state settlement agreement associated with County claims for the distribution of certain property taxes. \$6 million of the settlement is in the form of funding for major Washoe County road maintenance projects, in the Roads Fund.
- Fund balance in the **General Fund** increased \$19 million year-to-date due to increases in both ad valorem and consolidated taxes and a \$2 million sale of water rights.

## REVENUES AND EXPENDITURES

- **Total Governmental Revenues** are 5% over prior year, driven by increases in other revenue, ad valorem and consolidated taxes. Other revenue increased due to a \$6 million settlement agreement with the State for road maintenance. Ad valorem taxes are 4% over prior year. Consolidated taxes have been received for the month of January and are up 8% over prior year.
- **Total Governmental Expenditures** increased 4% from prior year. Personnel costs increased \$8 million over prior year due to 1.5-2% cost of living adjustments and one-time only recognition lump sum payment of \$1,000 for eligible employees. Services, supplies and other expenses increased by \$7 million due to the timing of transfers to the Child Protective Services Fund for cash flow management and increased billings from Equipment Services. Capital project spending decreased by \$3 million due to the timing of projects.

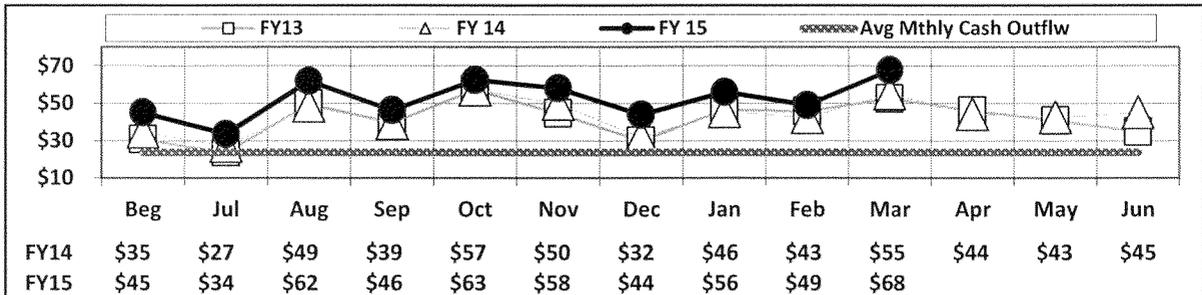


**Washoe County General Fund – Fiscal Year 2014/2015**  
**Interim Financial Report for the Nine Months Ended March 31, 2015 - Unaudited**  
*All \$ in Millions unless otherwise noted.*



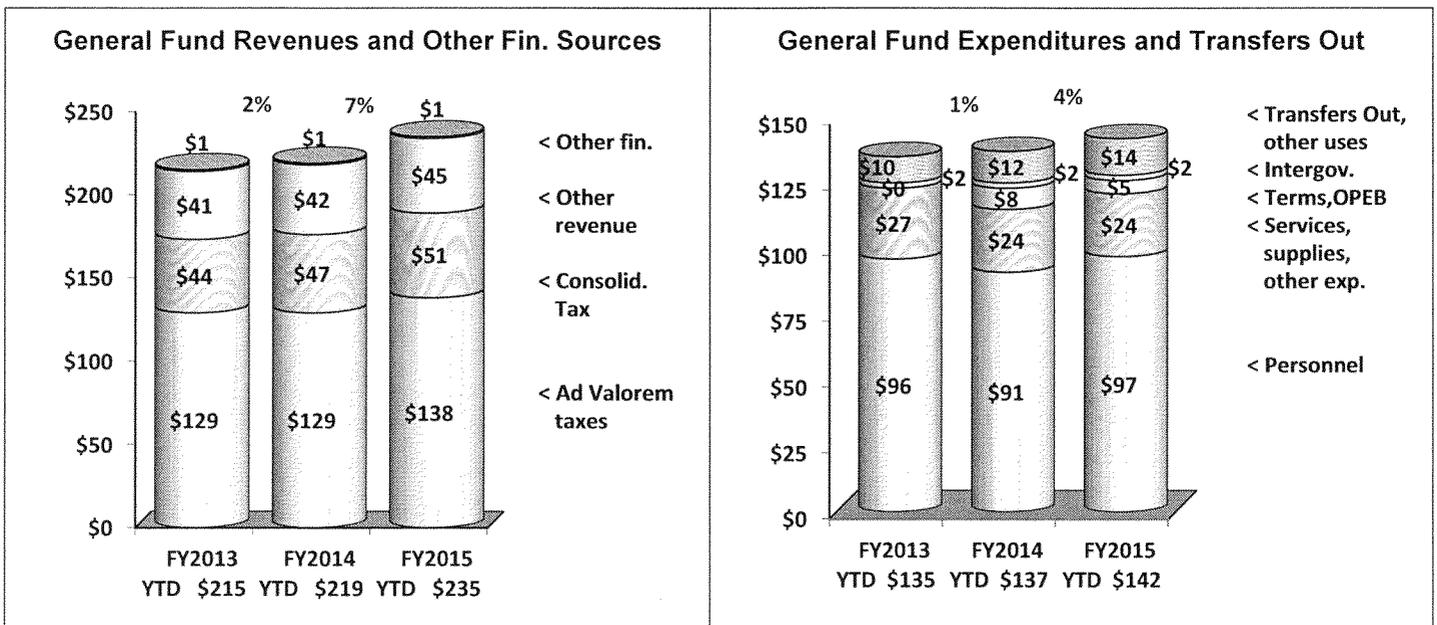
- Fund Balance increased \$20 million year-to-date. The General Fund includes a \$4 million balance for stabilization which is not available for general operations.
- The available portion of cash balance (below) is \$13 million higher than prior year. The available cash portion of fund balance excludes cash held for stabilization and funds held as deposits in the Courts and other departments.
- The cash balance continues to be monitored during low points in July and August before the first distribution of property tax is received at the end of August.

**Trend of Available Cash**



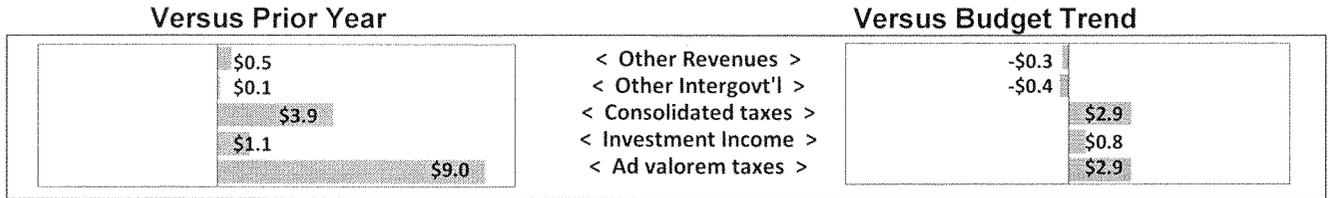
**REVENUES, EXPENDITURES, AND OTHER FINANCING**

- **Revenues** and other financing sources are 7% over prior year. Ad valorem taxes increased by 7% and consolidated taxes increased 8%. **Expenditures** plus transfers out have increased \$5 million over prior year led by higher personnel costs.



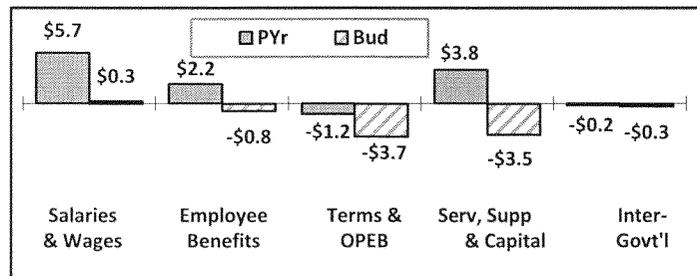
**Washoe County General Fund – Fiscal Year 2014/2015**  
**Interim Financial Report for the Nine Months Ended March 31, 2015 - Unaudited**  
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**KEY CHANGES IN REVENUES**



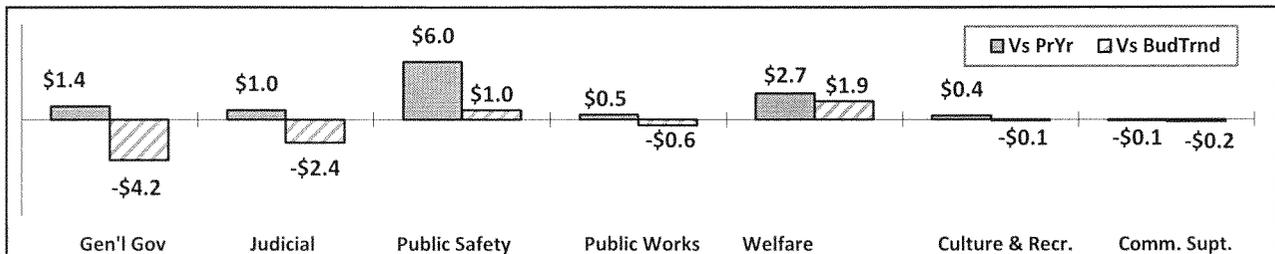
- **Consolidated taxes** have been received for the month of January and are 8% ahead of prior year and 6% ahead of budget trend.
- **Ad valorem taxes** are 7% over prior year due to increased assessed valuation.

**CHANGES IN EXPENDITURES BY CATEGORY VERSUS PRIOR YEAR AND BUDGET TREND**



- Note: To provide better operating comparisons, the analysis separates voluntary separation incentives and OPEB contributions from other personnel costs.
- Personnel costs are above prior year due to cost of living adjustments and one-time recognition lump sum payments.
- OPEB contributions have decreased and are below budget trend due to the timing of payments to the OPEB trust.

**CHANGES IN EXPENDITURES BY FUNCTION**



- Expenditures for the Public Works, Culture & Recreation and Community Support functions were relatively unchanged from prior year, driven by continued cost-control efforts.
- The increase in Public Safety, General Government, Judicial and Welfare functions is led by higher personnel costs.

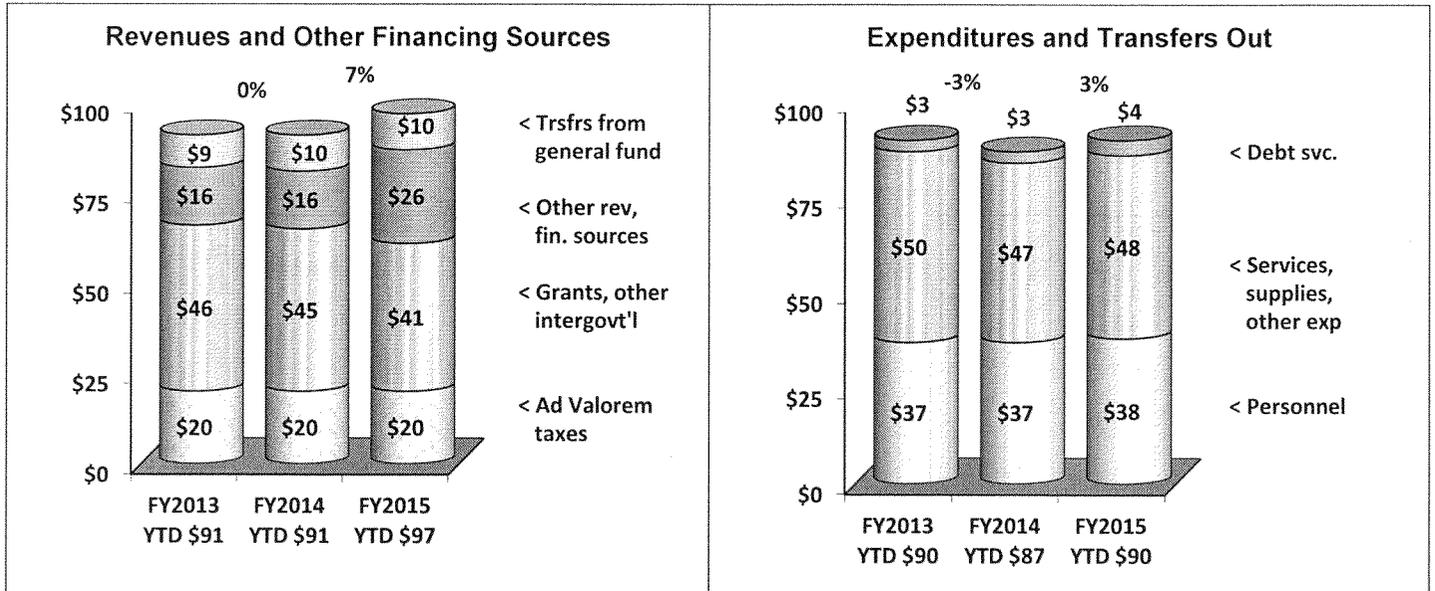
# Washoe County Other Governmental Funds – Fiscal Year 2014/2015

Interim Financial Report for the Nine Months Ended March 31, 2015 - Unaudited

*All \$ in Millions unless otherwise noted.*

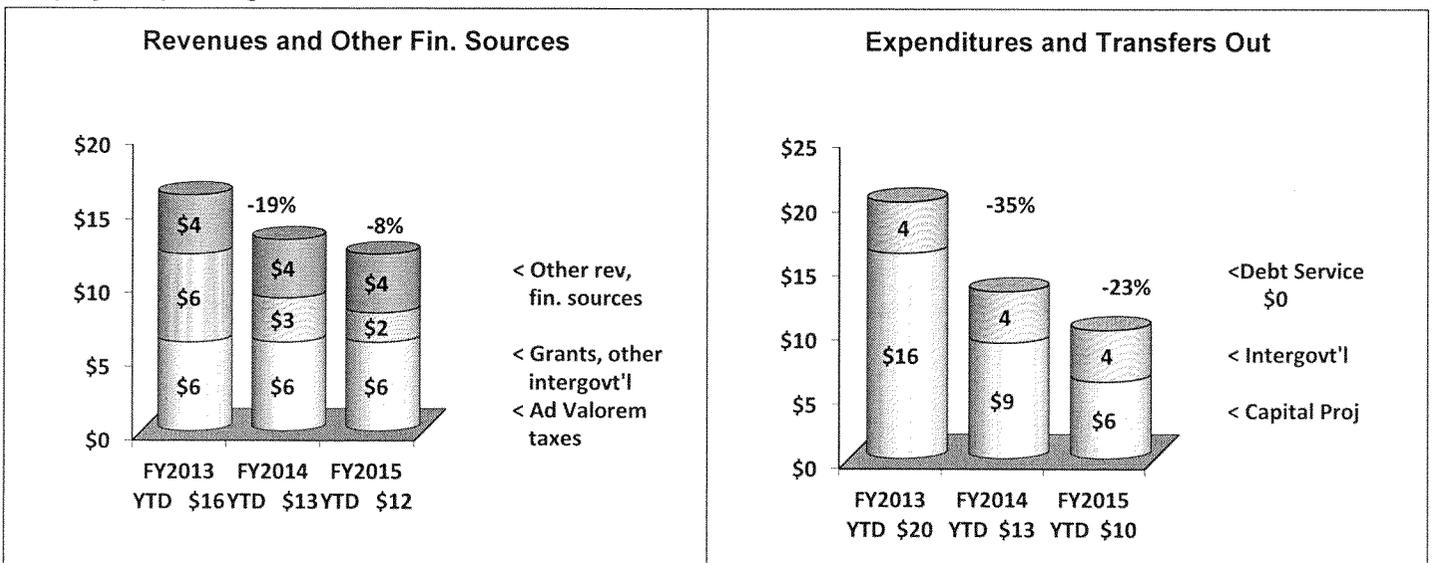
## SPECIAL REVENUE FUNDS

- **Revenues** and other financing sources are 7% higher than in prior year, primarily due to the \$6 million settlement from the State, as well as increased Medicaid and street, curb and gutter cuts revenue.
- **Expenditures** plus transfers out have increased 3% over prior year led by higher personnel costs.



## CAPITAL PROJECTS FUNDS

- **Revenues** and other financing sources have remained flat over prior year.
- **Expenditures** plus transfers out decreased by \$3 million from the prior year, due to the timing of capital project spending.



# Washoe County Other Governmental Funds – Fiscal Year 2014/2015

Interim Financial Report for the Nine Months Ended March 31, 2015 - Unaudited

*All \$ in Millions unless otherwise noted.*

## BUSINESS TYPE FUNDS

Building and Safety's increase in operating expense is due to an increase in overhead paid to the General Fund. The decrease in net assets over prior year for Water Resources is due to increased operating expenses incurred with the TMWA consolidation. The Golf Course Fund operating revenue increased over prior year and operating expense increased due to water/sewer costs.

\$ in thousands			Pr. Year YTD	YTD versus	
	Budget	YTD		Budget	Pr. Year
<b>Water Resources</b>					
Operating Revenue	\$ 32,711	\$ 19,471	\$ 23,659	60%	-18%
Operating Expense	(33,218)	(53,213)	(19,363)	n/m	n/m
Operating Income/(Loss)	(507)	(33,742)	4,296	n/m	n/m
Capital Contributions	11,275	4,803	6,162	43%	-22%
Nonoperating/Other	605	(229,374)	(988)	n/m	n/m
Change in Net Assets	<u>\$ 11,373</u>	<u>\$ (258,313)</u>	<u>\$ 9,470</u>	n/m	n/m
<b>Golf Course</b>					
Operating Revenue	\$ 1,302	\$ 686	\$ 635	53%	8%
Operating Expense	(1,111)	(763)	(746)	69%	2%
Operating Income/(Loss)	191	(77)	(111)	-40%	-31%
Nonoperating/Other	86	1	6	1%	-83%
Change in Net Assets	<u>\$ 277</u>	<u>\$ (76)</u>	<u>\$ (105)</u>	-27%	-28%
<b>Building &amp; Safety</b>					
Operating Revenue	\$ 2,100	\$ 1,767	\$ 1,634	84%	8%
Operating Expense	(2,411)	(1,452)	(1,236)	60%	17%
Operating Income/(Loss)	(311)	315	398	-101%	-21%
Nonoperating/Other	133	(98)	7	-74%	n/m
Change in Net Assets	<u>(178)</u>	<u>\$ 217</u>	<u>\$ 405</u>	-122%	-46%